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ED/EC M-272

September 24, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

2:00 p.m. Thursday, September 19, 1957
Room 1213 Maiatico

Attendance:

MDAC

Mr. Hale, Chairman
Mr. Johnson
Mr. Kramer, Executive Secretary
Mrs. Lese, Committee Secretary

CIA

Mr. [REDACTED] 25X1A9a

Commerce

Mr. George

Defense

Colonel Green

ICA

Mr. Slaght

State

Mr. Wright
Mr. Knoll
Mr. Oliver

Treasury

Mrs. Moodie

Agenda:

1. State Proposed Draft re Separate Quotas for China.
(Ref. POLTO 294, July 31, 1957)
2. Discussion of Balance of (Commerce) Paper on
Work Program for Para. 9.

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1. State Proposed Draft re Separate Quotas for China.
(Ref. POLTO 294, July 31, 1957)

Decision

The State member indicated his willingness to discuss in the Department the alternative course of action proposed by the Chair and will report the reactions to the Executive Committee as soon as possible.

Discussion

The State member informed the Committee that he did not have additional information regarding the State proposal on separate quotas for China to submit to the members today. Although the State intelligence people have been asked to explore the basic concept of the proposal, he was not sure when, nor if, any additional information would be forthcoming.

At the State member's request there was a discussion of the reasons for the objections to the State proposal to seek separate China quotas in 1958.

The Commerce member remarked that all agencies, save State, are in favor of a combined quota for the entire bloc. Inasmuch as this problem may have to be resolved at a higher level, he felt that we could not wait too long for further data, especially since it seemed to several members that clarifying information on this proposal would not be found.

The Chairman said, after careful consideration of the State proposal, it appeared to him that the same end could be accomplished by having one distinct quota for the Sino-Soviet bloc and on certain commodities set a percentage limit (e.g. 15%) that can go to any one country in the bloc and thus specify the percentage of such commodities that can be shipped to Communist China. This did not appear to him to be the same as a separate China list and, therefore, he felt it might find favor in COCOM. They might accept the limitation of a definite percentage figure of the total quota on a few of the items. Our rationale in COCOM for controlling the items involved could be that we are not trying to create a China differential but are trying to add a refinement to the controls.

The Commerce member felt that his agency would probably go along with a reasonable approach along the lines suggested by the Chairman because it would be nothing more than a licensing guide within a quota, but by no means could this be done across the board.

The ICA and Defense members voiced interest in the Chairman's proposal.

The Chairman suggested that the State member take under advisement in the Department the proposed alternative and ascertain whether it satisfies their basic requirements and whether in their judgment it presents more favorable negotiating possibilities.

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2. Discussion of Balance of (Commerce) Paper on Work Program for Para. 9.

Decision

The members believed that the paper submitted by the Defense member required further thought and study and it was scheduled for discussion at the next meeting, Tuesday, September 24.

Discussion

The Chairman remarked that the Working Group I Chairman had indicated his concern with the kind of action the Executive Committee desires regarding the proposed criteria which was transmitted to them on September 18. He felt that there would be at least two alternative views on each case and questioned the usefulness of such findings to the Executive Committee. The Chairman advised the Working Group I Chairman to document such alternative positions, showing why there was support or opposition.

The Defense member stated that after a careful examination of Mr. George's paper, his agency heartily endorses it and has suggestions for relatively minor changes. Therefore, he asked that the memorandum he tabled today be considered merely as a preamble to the Commerce paper and not a criticism of it.

He raised the question of whether, in view of the increasingly heavy workload of the Working Group I, it would not be advisable for the Executive Committee to set up its own ad hoc group to work on this problem.

The Chairman, and the Commerce and ICA members had some concern about this suggestion and it was pointed out to the Defense member that Working Group I has the most qualified group to perform this job. The Chairman felt that to alleviate their workload, some of the problems might be disposed of outside of the Committee on a telephonic basis. It was his hope that the group would decide against withdrawing this problem from the Working Group.

The Committee then turned its attention to a point-by-point review of Mr. George's paper. After discussing the portion on the embargo list, Mr. George suggested, and the members concurred, that in sending forth a recommendation to EDAC there should be included a statement on "unanimity" which contained the following points:

1. What is the U. S. position on "unanimity" and how is it handled under certain circumstances?
2. The fact that the U. S. might at the CG make reference to the rule of "unanimity" and its interpretation of that rule.
3. The U. S. should be prepared with a position on "unanimity" in case the question is raised by another PC at a CG meeting.

Distribution:

ED List Parts I & II
WG I (Limited)

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